

CORRECTED FISCAL NOTE

HB 3018 - SB 3091

March 28, 2000

SUMMARY OF BILL: Creates an act to require licensing of Prepaid Limited Health Organizations defined as an entity receiving prepayment from health maintenance organizations or state or federal agencies providing limited health services. Such an entity may not contract with individuals and is exempt from most insurance requirements and may not engage in the insurance business. The Department of Commerce and Insurance is to issue certificates of authority and is to regulate such entities. Prepaid limited health organizations must meet the working capital requirements for health maintenance organizations and obtain a fidelity bond of at least \$50,000. Entities must file reports with the department quarterly and annually based on requirements for HMOs by the National Association of Insurance Commissioners. The bill sets licensing fees and subjects prepaid limited health organizations to the two percent premium tax on HMOs.

ESTIMATED FISCAL IMPACT:

On February 21, 2000 we issued a fiscal note on this bill indicating a fiscal impact of an increase in state expenditures of \$152,000 recurring and \$18,000 one-time and an increase in state revenues exceeding \$100,000.

Based upon additional information obtained from the Department of Commerce and Insurance, the estimated fiscal impact of this bill is:

**Increase State Expenditures - \$439,200 Recurring
\$47,100 One-Time
Increase State Revenues – Exceeds \$100,000**

Assumes:

- a need for eight staff and associated expenses in the Department of Commerce and Insurance to regulate these entities.
- an increase in license fees and premium taxes. The amount of revenue cannot be determined but is estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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